

## Message Text

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ACTION ARA-10

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 893

INFO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE TEGUCIGALPA 3512

GUATEMALA FOR AG ATT

E.O. 11652: N/A

TAGS: EAGR, HO

SUBJECT: AGRICULTURAL PRODUCTION

REF: TEGUCIGALPA 3424

1. THE CONSEJO HONDURENO DE LA EMPRESA PRIVADA (COHEP) HAS NAMED A COMMISSION HEADED BY ITS OWN PRESIDENT CAMILIO RIVERA GIRON TO STUDY GRAIN PRODUCTION FROM 35 THOUSAND HECTARES BELONGING TO ITS MEMBERS. ELEMENTS TO BE STUDIED ARE PRODUCTION FOR SALE A VEUGGB THE GOH AUTHORITIES, GOVERNMENT GUARANTEES ITS FINANCING PLANTING, PROTECTION AGAINST OCCUPATIONS OF THE PLANTED LAND BY CAMPESINOS, AND EXCLUSION FOR THE CROP PERIOD FROM PENALTIES OR EXPROPRIATION PROVIDED UNDER THE LAW OF AGRARIAN REFORM. THE GROUP WILL SEEK CONFERENCES WITH THE GOVERNMENT. SEPARATELY, ONE SUGAR PLANTATION COMPANY HAS OBTAINED PERMISSION FROM INA TO PLANT SUGAR LAND IN CORN WITHOUT PREJUDICE UNDER THE REFORM LAW.

2. RAINFALL STATISTICS IN JUNE CONFIRMED THE DISMAL PATTERN OF THE PREVIOUS MONTHS. JULY LIKEWISE WAS BROADLY A POOR RAIN MONTH.  
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HOWEVER, IN EARLY AUGUST, LIGHT RAINS WERE GENERALIZED IN CENTRAL

AND NORTHERN HONDURAS. THESE RAINS HAVE RAISED HOPES THAT SOIL COULD BE PREPARED FOR AN UNSEASONAL PLANTING SEASON BEGINNING IN AUGUST.

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3. WHATEVER THE OUTCOME OF THE COHEP STUDY, ITS CONTENT REFLECTS THE LACK OF TRUST BETWEEN THE FARMERS AND THE GOVERNMENT. LAND OCCUPATIONS OR INVASIONS OCCUR PRIMARILY ON IMPROVED LAND PREPARED FOR CROPS, AND THUS THE PRIVATE FARMER REQUEST FOR PROTECTION. THE PRESENT LAW, AS MANY BEFORE, MAKES INVASIONS ILLEGAL, BUT THERE ARE SERIOUS DOUBTS ABOUT ENFORCEMENT. IT IS NO SMALL FAILING OF THE PRESENT LAW THAT EMERGENCY PLANTING OF CORN WOULD RESULT IN THE LOSS OF THE LAND TO EXPROPRIATION. GOVERNMENT OR INA REACTIONS HAVE YET TO SURFACE, BUT LIKELY CRITICISMS ARE THAT THE PRIVATE SECTOR IS TRYING TO SCUTTLE THE AGRARIAN LAW BY DIVERTING SEED AND INVESTMENT CAPITAL FROM THE "EMPRESAS ASOCIATIVAS" OF INA WHICH HAS SUFFICIENT LAND. THAT SALE "AT COST" COULD MEAN PRICES ABOVE THE GOVERNMENT SUPPORT LEVEL, AND RELATED ARGUMENTS.

4. A ROUGH CALCULATION PLACES THE POTENTIAL OUTPUT OF THE 35 THOUSAND HECTARES AT ABOUT 40 THOUSAND METRIC TONS OR ABOUT ONE-FOURTH OF THE EXPECTED CORN PRODUCTION SHORTFALL. WE BELIEVE MOST OF THE LAND INVOLVED IS TO BE SHIFTED SHORT-TERM FROM SUGAR, PASTURE, AND FALLOW USES. A PORTION IS IRRIGATED. PRODUCTION OBTAINED WOULD THEREFORE BE ADDITIONAL.

5. A LESS COMPLEX APPROACH IS THAT OF THE SUGAR PLANTER (GOLDSTEIN OF SAN PEDRO) WHO ASKED FOR AND RECEIVED A LETTER FROM INA ALLOWING HIM TO PLANT CORN ONCE ON SUGAR (PROTECTED UNDER THE LAW) LAND. HE ASKED NO OTHER GUARANTEES OR FINANCING AND MADE NO OFFER TO SELL AT COST OR OTHERWISE TO THE GOVERNMENT. THIS SELF-RELIANT MODEL MAY NOT BE POSSIBLE FOR MANY HONDURAN FARMERS.  
SANCHEZ

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